

AN ACT

relating to authorizing the issuance of anticipation notes or other obligations by issuers located along the Gulf Coast in the event of an emergency.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 1431.004, Government Code, is amended by adding Subsection (e) to read as follows:

(e) An issuer, other than an eligible school district, may use the proceeds of an anticipation note or other obligation issued under Section 1431.015:

(1) for purposes described by Subsection (a); or

(2) to pay for:

(A) employee salaries;

(B) the lease of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the issuer's authorized needs and purposes;

(C) the demolition of dangerous structures or the restoration of historic structures;

(D) economic development grants made under Chapter 380, Local Government Code; or

(E) the accomplishment of any other purpose the issuer considers necessary in relation to preserving or protecting the public health and safety.

SECTION 2. Section 1431.006, Government Code, is amended to

1 read as follows:

2 Sec. 1431.006. LIMITATION ON NOTES TO PAY EXPENSES.

3 (a) Anticipation notes issued for the purposes described by  
4 Section 1431.004(a)(2) may not, in the fiscal year in which the  
5 attorney general approves the notes:

6 (1) for a municipality, exceed 75 percent of the  
7 revenue or taxes anticipated to be collected in that year;

8 (2) for a county or an eligible countywide district,  
9 exceed 50 percent of the revenue or taxes anticipated to be  
10 collected in that year; or

11 (3) for an eligible school district, exceed 75 percent  
12 of the income of the district for the fiscal year preceding that  
13 year.

14 (b) This section does not apply to an anticipation note or  
15 other obligation issued under Section 1431.015.

16 SECTION 3. Section 1431.007, Government Code, is amended by  
17 adding Subsection (c) to read as follows:

18 (c) A governing body issuing an anticipation note or other  
19 obligation under Section 1431.015 may:

20 (1) provide that the anticipation note or other  
21 obligation be paid from and secured by any revenue, including sales  
22 taxes, other taxes, a combination of nontax and tax revenue, the  
23 proceeds of bonds to be issued by the issuer, and reimbursements or  
24 other funds to be received from the Federal Emergency Management  
25 Agency or any other state or federal agency reimbursing or  
26 providing funds to the issuer for costs incurred as a result of the  
27 emergency; and

1           (2) pledge to the payment of the anticipation note or  
2 other obligation any revenue, including sales taxes, other taxes, a  
3 combination of nontax and tax revenue, the proceeds of bonds to be  
4 issued by the issuer, and reimbursements or other funds to be  
5 received from the Federal Emergency Management Agency or any other  
6 state or federal agency reimbursing or providing funds to the  
7 issuer for costs incurred as a result of the emergency.

8           SECTION 4. Section 1431.009, Government Code, is amended by  
9 amending Subsections (a) and (c) and adding Subsection (e) to read  
10 as follows:

11           (a) Except as provided by Subsection (b) or (e), an  
12 anticipation note issued for a purpose described by Section  
13 1431.004(a)(1) or (b)(2) must mature before the seventh anniversary  
14 of the date that the attorney general approves the note.

15           (c) Except as provided by Subsection (e), an [An]  
16 anticipation note issued for a purpose described by Section  
17 1431.004(a)(2) or (3) must mature before the first anniversary of  
18 the date that the attorney general approves the note.

19           (e) An anticipation note or other obligation issued under  
20 Section 1431.015 for any authorized purpose must mature before the  
21 10th anniversary of the date the attorney general approves the note  
22 or other obligation.

23           SECTION 5. Section 1431.012, Government Code, is amended  
24 to read as follows:

25           Sec. 1431.012. RESTRICTION ON CERTAIN CONTRACTS PAYABLE  
26 FROM PROCEEDS OF NOTES. (a) Except as provided by Subsection (b),  
27 a [A] county must comply with the competitive bidding requirements

1 of Subchapter C, Chapter 271, Local Government Code, in connection  
2 with a contract to be paid from the proceeds of anticipation notes  
3 issued for a purpose described by Section 1431.004(a)(1)(A).

4 (b) Competitive bidding requirements do not apply to an  
5 anticipation note or other obligation issued under Section 1431.015  
6 for any authorized purpose.

7 SECTION 6. Chapter 1431, Government Code, is amended by  
8 adding Sections 1431.015, 1431.016, and 1431.017 to read as  
9 follows:

10 Sec. 1431.015. CERTAIN NOTES OR OTHER OBLIGATIONS FOR  
11 EMERGENCY FINANCING. (a) In this section, "emergency" means the  
12 occurrence of widespread or severe damage, injury, or loss of life  
13 or property affecting an area in the jurisdiction of an issuer and  
14 resulting from a hurricane or tropical storm, including wind  
15 damage, fire damage, damage from wave action, or flood damage  
16 resulting from the hurricane or tropical storm.

17 (b) Notwithstanding any other provision of this chapter, an  
18 issuer located within 70 miles of the Gulf of Mexico or of a bay or  
19 inlet of the gulf may authorize the issuance of an anticipation note  
20 or other obligation in the event of an emergency.

21 (c) The issuer shall deliver to the attorney general, in  
22 accordance with Section 1431.017, a transcript of proceedings  
23 related to the issuance of an anticipation note or other obligation  
24 issued under this section. However, before delivery of an  
25 anticipation note or other obligation issued under this section:

26 (1) the governor must have issued an executive order  
27 or proclamation under Chapter 418 declaring a state of disaster and

1 designating the area affected by the emergency;

2 (2) the governing body acting through its presiding  
3 officer under Chapter 418 must have declared a local state of  
4 disaster designating the area affected by the emergency; or

5 (3) the governor must have proclaimed under Chapter  
6 433 a state of emergency designating the area affected by the  
7 emergency.

8 Sec. 1431.016. CONFLICTS WITH MUNICIPAL CHARTER. To the  
9 extent of a conflict between a municipal charter and any provision  
10 of this chapter relating to an anticipation note or other  
11 obligation issued under Section 1431.015, this chapter controls.

12 Sec. 1431.017. ATTORNEY GENERAL REVIEW. Following  
13 authorization of an anticipation note or other obligation under  
14 Section 1431.015, the issuer shall submit to the attorney general a  
15 transcript of proceedings related to issuance of the anticipation  
16 note or other obligation and provide preliminary approval and  
17 fulfill other requirements relating to the issuance of the  
18 anticipation note or other obligation. On the occurrence of an  
19 emergency affecting the issuer, the attorney general shall  
20 expeditiously review and approve delivery of the anticipation note  
21 or other obligation subject to the issuer's compliance with  
22 preliminary approval requirements.

23 SECTION 7. This Act takes effect immediately if it receives  
24 a vote of two-thirds of all the members elected to each house, as  
25 provided by Section 39, Article III, Texas Constitution. If this  
26 Act does not receive the vote necessary for immediate effect, this  
27 Act takes effect September 1, 2007.

---

President of the Senate

---

Speaker of the House

I certify that H.B. No. 3270 was passed by the House on May 8, 2007, by the following vote: Yeas 146, Nays 0, 2 present, not voting.

---

Chief Clerk of the House

I certify that H.B. No. 3270 was passed by the Senate on May 23, 2007, by the following vote: Yeas 31, Nays 0.

---

Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

---

Governor